62

10449

EXTENDING AID EVALUATION SYSTEM CONCEPTS

(An analysis of PCI's experience in using key concepts for the Brazil Agricultural Marketing Program.)

Practical Concepts Incorporated
1025 Connecticut Ave., N.W.
Washington, D.C. 20036

January 13, 1972

This phamphlet supports a presentation given to members of the Program Evaluation Committee, Agency for International Development, by Practical Concepts Incorporated (PCI). The presentation summarizes results of an on-site visit to "extend" AID's project evaluation system concepts, consistent with recommendations in PCI's Final Report issued July 31, 1971, Contract Number csd-2885.

Representing PCI at the meeting:

On-Site Team

L.J. Rosenberg
R. Schmidt
M.K. Hageboeck

Project Director

L.D. Posner

TABLE OF CONTENTS

I. SUMMARY

Objectives and Results

Highlights

II. OBJECTIVES AND APPROACH

Pre-departure

Revised Objectives

Specific Activities

III. RESULTS OF ACTIVITIES

Host/USAID Interaction

Project Clarification

Program Management Organization

Detailed Planning of Capital Component

Interim Targets

Contracting Procedure

IV. IMPLICATIONS FOR SIMILAR EFFORTS

Host Involvement

Programs and the Logical Framework

Projects Inside the Loan Program

Contracting.

V. Exhibits

A. Draft Logical Framework, Developed by Host

B. Tentative Program Management Organization, based on Program Design.

C. Contracting Approach Suggested to Host

D. An Alternative to the Logical Framework for Programs.

E. Interim Report to USAID/Brazil

SUMMARY OF DEMONSTRATION OBJECTIVES AND RESULTS

		PCI's Subjective Assessments of Results (on 1-5 scale*)
1.	Host Involvement	5
2.	Logical Framework for Capital Projects	2**
3.	Logical Framework for Programs	4
4.	Logical Framework for Contracting	4
5.	Interim Targets: Efficient Use of Information	3
	Not an explicit objective: "Management by Objectives"	5

* 1 = Worst, doesn't work;
5 = Best, exceeds optimistic prior assessment.

** 2 = still inconclusive

HIGHLIGHTS

- Involve the host: he is a better audience for AID evaluation approaches than is AID.
- Logical framework can lose top management value when it gets too complicated.
- Logical framework is very useful at the Capital Program level, marginal for capital projects where capital equates with construction per se.
- Important value in contracting -- particularly in simplifying TA coordination

Good management is what is important. The Logical Framework is one way of helping good people become better managers.

GENERALIZED OBJECTIVES FOR PCI EFFORT ON SITE

PURPOSE

Adapt present evaluation system concepts to embrace management process for complex, multi-project programs. Specifically, establish whether and how these concepts should be used as the basis for program design, planning, implementation, and evaluation.

OUTPUTS

1. Use Logical Framework to summarize and clarify design of an important program.

2. Adapt "people-organizing" aspects of system through tests of host, contractor, and other-donor involvement.

3. Use agreed-upon (program-level) Logical Frameworks as the bases for developing and summarizing implementation plans, and for allocating management responsibilities within and external to the Mission.

4. Use Logical Framework in "live" contracts and loans, both to test applicability and refine concepts for these uses.

MISSION-SPECIFIC OBJECTIVES
(BASED ON ON-SITE DISCUSSION WITH MISSION)

PURPOSE

To provide a basis for continued improvements in planning and management within the Ministry of Agriculture.

End-of-Project Status

1. Host management takes actions consistent with plans developed as outputs.
2. Minister of Agriculture endorses continuation of comparable planning efforts for other projects.
3. USAID sees important value in completed efforts.

Key Assumptions

1. (Subject to test as AID/W agenda):

   "Logical Framework" is adaptable to loan projects.

OUTPUTS

1. Logical framework expressing terminal (success) conditions summarizes marketing loan project to satisfaction of COBAL and USAID.

2. Logical frameworks express yearly targets over course of loan.

3. Logical framework approach used to draft contracts for TA portions of project.

4. Cadre of COBAL staff familiar with and receptive to logical framework approach.

5. Recommendations to GOB and USAID for continued improvement (e.g., extending approach to Agricultural Research Loan).

6. Ministry of Agriculture sees value in planning approach and recommendations.

OUTPUT TARGETS

1. and 2. GOB, USAID, and IDB agree that logical frameworks accurately summarize project and provide a good basis for managing, monitoring, and evaluating the effort.

3. GOB finds drafts capture intent; USAID agrees that there is a sound, to-the-point, basis for contracting.

4. All key individuals identified by ARDO.

5. and 6. USAID positively assesses value and practicality; there is a clear plan for next steps.

SEQUENCE OF ACTIVITIES

1. Moderate USAID meetings to summarize their expectations for overall program.

2. Training of host personnel.

3. Moderate host/USAID meetings to summarize host expectation for overall program.

4. Joint sessions to clarify program components (e.g., projects).

5. Sessions with GOB to establish program management organization..

6. Detailed planning of capital (construction) component.

7. Setting interim targets and information requirements for program and selected projects.

8. Establish contracting procedure based on project design summaries.

9. Report to GOB and USAID.

RESULTS OF HOST/USAID INTERACTION AT PROGRAM LEVEL

- Good agreement at goal level -- emphasis on how to verify
- Important clarifications as to additional projects required
- Coordination between USAID function, GOB function, and Phases 1 and 2.

RESULTS OF JOINT SESSIONS TO CLARIFY PROJECTS

- Pinpointed areas where more planning was needed.
- Thus suggesting short-term TA requirements.
- Clarified areas where host expected more than U.S. could deliver.
- "Outputs" at the program level were good "purposes" for projects.
- Helped GOB plan best use of human resources (GOB and U.S.).

ESTABLISH MANAGEMENT ORGANIZATION BASED ON LOGICAL FRAMEWORK FOR PROGRAM

- "Management by Objectives" made immediate sense to host.
- May solve persistent issues in coordinating TA.
- Good use of scarce GOB management resources.

DETAILED PLANNING OF CAPITAL COMPONENT

- GOB had access to more detailed plans than they could use.
- Logical Framework not convincingly superior to more traditional methods of summarizing construction plans.
- CPM had immediate application integrating market construction into overall program (e.g., including training).

INTERIM TARGETS AND INFORMATION REQUIREMENTS

- Indicators agreed upon, but
- Limited basis for interim targets
- Information requirements postulated, but not yet actionable.

CONTRACTING PROCEDURE*

- Important benefit to USAID as well as GOB in

  -- Clarifying needs

  -- Coordinating TA

  -- Reducing administrative burden

---

* See Appendix c.

HOST INVOLVEMENT

- Logical Framework "insinuates" management by objectives.

- High value for competent host managers committed to programmatic success.

- USAID may best serve as participant in the host's management process.

- Move from program plan to program management organization.

LOGICAL FRAMEWORK AT PROGRAM LEVEL

- Helps everybody.
- Defines needed projects.
- Suggests much work still to be done in setting targets and means of verification.
- Provides good basis for AID loan monitoring, could free loan committees to help evaluation.
- The 4 x 4 matrix can get more complicated than top management (e.g., DOM and host Ministers) can use -- suggests utility of greater brevity or other display device.

LOGICAL FRAMEWORK FOR PROJECTS INSIDE LOAN PROGRAM

- Capital projects not well served where capital = construction.

- Very useful for TA (we start with the goal)*.

- Returns project control to host -- would be difficult where host is truly incompetent, not available, or not committed.

---

* "Program" output = project purpose.

CONTRACTING

- Immediate endorsement by GOB suggests high value to all hard-pressed host administrators.

- Comparable benefit probable to USAID, in coordination of TA.

EXHIBIT A to 1/13/72 Presentation

DRAFT LOGICAL FRAMEWORK: TERMINAL CONDITIONS FOR
NORTH/NORTHEAST - AGRICULTURAL MARKETING LOAN

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL: Cost Effective Food Production -- Distribution System in the North/Northeast.	1. Ratio of (cost to consumer)/(price to farmer) does not exceed prespecified standard (e.g., 20% above that in the Sao Paulo market. 2. Increase in farmer's real income (emphasized for small farmers) from produce sales effectiveness of distribution system as well as productivity increases. 3. Seasonal price changes approximate cost of storage plus normal ROI.	1.1 Consumer price data from: 1. Vargas Foundation 2. COBAL store prices 3. CADEP store prices 4. IBG Data 1.2 Farm Price data from: • Coops • Voluntary Networks • SUDENE/SUDAM 2. Income survey in area not reflecting productivity gains compared to areas with such gains. 3.1 Market news service data base. 3.2 New markets collect data similar to Sao Paulo market.	Dysfunctional impact on existing market. "middle men" does not exceed value to small farmers and low income consumer.
PURPOSE: Efficient Wholesale Marketing System.	END-OF-PROJECT STATUS 1. Market-to-market price differentials approximate transport cost. 2. Ratio of price to retailer/price to assembly point, or to farmer, does not exceed specified standard of _____. 3. Spoilage reduced from (20%) to (14%) for perishable goods and from (10%) to (6%) for non-perishable goods. 4. Turnover, tons, meets or exceeds _____% of capacity after 3 years.	1. Market news service data base on selected goods and transport cost estimates developed by COBAL. 2. Price to retailer obtained from market news service data base. Farm price data from Coops or voluntary networks. 3. Sampling of inputs at wholesale markets and assembly points. 4. Market data collection system will furnish data on turnover to COBAL.	°Farmers will act on marginal price differentials. Small farm inefficiencies will not exceed transport cost from other producing regions °Long term storage facilities in operation near markets. °Produce production in North/Northeast, plus produce imported into area will meet demand. °Improved agricultural productivity. Retail system effectiveness and efficiency will be developed. Marginal efficiency gains will not be absorbed by retailers.
OUTPUTS: 1. North/Northeast markets provide appropriate facilities accomodating value of wholesale (and retail) produce exchange. 2. Assembly points provide effective intern market mechanism for local farmers.	1.1 Tonnage handled in wholesale markets is ____ % of tonnage arriving in cities. 1.2 _____% space leased by type tenant (coop/private). 1.3 _____% space occupied. 2. Ten assembly points operate at _____% capacity within three years	1.1 COBAL progress reports of operation status. 1.2 Market tonnage as a % of estimated area tonnage in feasibility studies. 2. Operating reports by Assembly Point Management.	Adequate rural roads. New markets will stimulate development of alternative means for small farmer to sell produce (e.g., other assembly points will be built or alternative means of transport developed. Spoilage is due primarily to handling delays and inadequate storage.

NARRATIVE SUMMARY	OBJECTIVELY VERIFICABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
3. Effective and efficient operation of market facilities (administration and maintenance).	3.1 Market administration capable of generating and managing market income to cover operation and maintenance, and maintain capital and expansion reserves. 3.2 Market personnel capable of carrying out established procedures and enforcing market regulations. 3.3 Average turn-around (delivery/unloading) time reduced to ____hours using ____ men per truck. 3.4 Market has turnover of _____tons per square meter.	3.1 BNDE audit, or market financial reports. 3.2 COBAL management audit of market companies. 3.3 Information gathered and reported by market companies. 3.4 Market statistics on space utilization.	Assessments of current spoilage loss (20% and 10%) are accurate. Adequate credit will be available to wholesalers through market loans. Food processing program will be developed to accomodate perishable goods.
4. Equivalent produce grades, weights, and measures carried in each market.	4. Weighing and grading standards deviate less than _____% within a market and less than _____% from national standards.	4. GOB inspection.	
5. Information system provides accurate and timely price information among markets.	5.1 Distribution of produce responds to price fluctuations as reported by the market news service. 5.2 Producers, wholesalers, and retailers regularly refer to the market news service before deciding when and where to buy or sell. 5.3 News service management takes independent and appropriate action to keep the news system operating in spite of difficulties in personnel retention, equipment, etc.	5.1 Market company verifies length of time to reach their terminal and be posted. 5.2 Individual markets certify data validity. 5.3 Individual market companies certify.	
6. Coops and extension agents conduct programs in spoilage reduction and marketing.	6. _____farmers trained per year. (Farmer access to market.)	6. Cooperative and extension agent work records.	
7. Federal and state regulations and policies coincide with good marketing practices.	7.1 Federal legislation adopted conforms to COBAL recommendations. 7.2 State regulations conform to federal intent.	7.1 COBAL assessment. 7.2 COBAL assessment.	
8. Plan to develop a more effective retail system.	8. Plan specifies policy and system requirements that accomodate the wholesale system.		
INPUTS: 1. Capital construction program jointly funded by AID, BNDE, and state/municipal governments.	1,2. $ 12,000,000 - State/local $ 14,000,000 - BNDE $ 14,000,000 - AID	-- Approval of projects by BNDE, USAID, IDB.	
2. Capital construction program jointly funded by AID, BNDE, and state/municipal governments.		-- Loan disbursements.	

Exhibit B

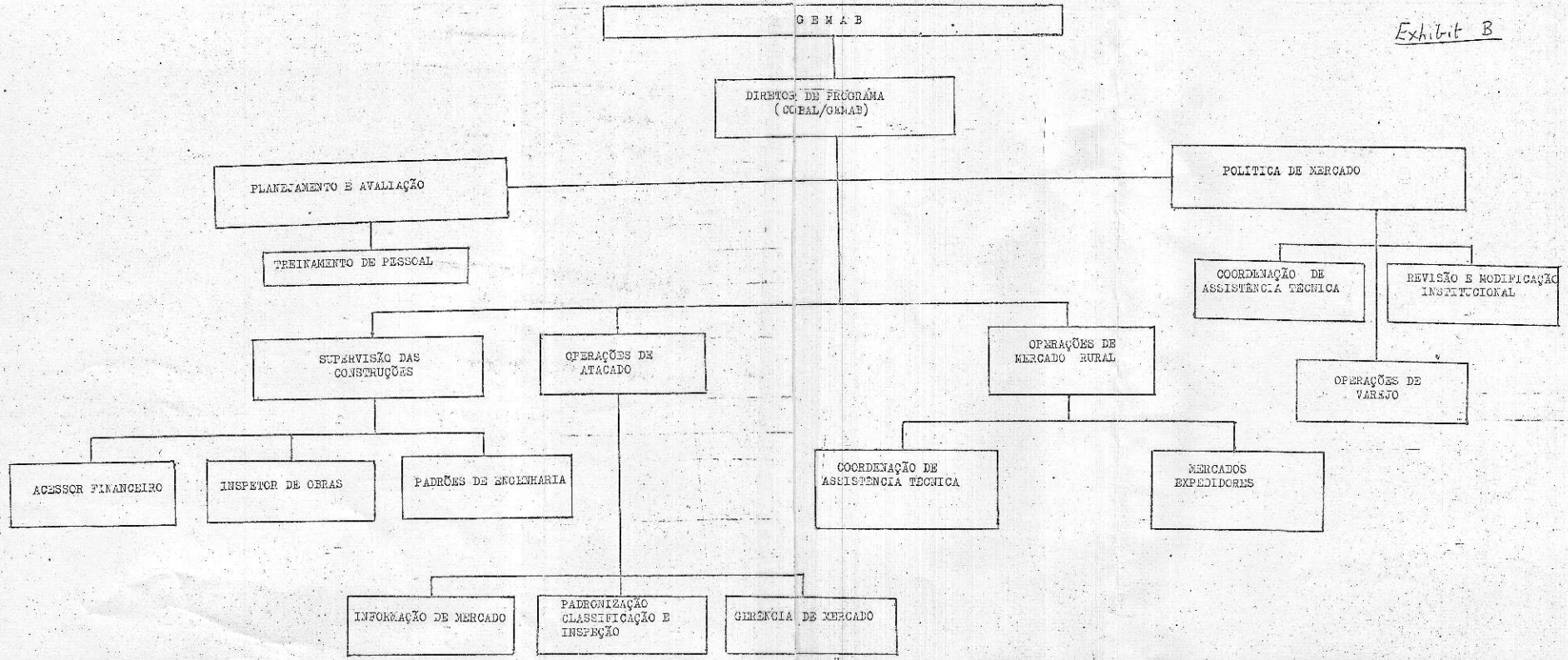

GEMAB
DIRETOR DE PROGRAMA (COBAL/GEMAB)
PLANEJAMENTO E AVALIAÇÃO
TREINAMENTO DE PESSOAL
POLITICA DE MERCADO
COORDENAÇÃO DE ASSISTÊNCIA TÉCNICA
REVISÃO E MODIFICAÇÃO INSTITUCIONAL
SUPERVISÃO DAS CONSTRUÇÕES
OPERAÇÕES DE ATACADO
OPERAÇÕES DE MERCADO RURAL
OPERAÇÕES DE VAREJO
ACESSOR FINANCEIRO
INSPETOR DE OBRAS
PADRÕES DE ENGENHARIA
COORDENAÇÃO DE ASSISTÊNCIA TÉCNICA
MERCADOS EXPEDIDORES
INFORMAÇÃO DE MERCADO
PADRONIZAÇÃO CLASSIFICAÇÃO E INSPEÇÃO
GERÊNCIA DE MERCADO

EXHIBIT C

APPLICATION OF LOGICAL FRAMEWORK TO
TA CONTRACTING IN BRAZIL - 11/71

1.0 Prepare Logical Framework

1.1 Specify goal and goal targets to clarify overall intent and relationship of the project to larger national objectives.

1.2 Purpose and End-of-Project Status (EOPS) must be absolutely clear. (Means of verifying EOPS can be left open.)

(Purpose is the specific "meeting of the minds" for the contract.)

1.3 Outputs and output indicators should be specified as clearly as possible. This will clarify what GOB thinks is the best approach at this point in time.

1.4 Specify inputs only if required to clarify GOB thinking or to identify limitations - e.g., $ limits, and availability of GOB resources (buildings, commodities, etc.).

2.0 Identify contractors and agencies who may be capable of producing the desired outputs and who can judge the plausibility of the "if the outputs, then purpose" statement.

3.0 Forward Logical Framework and appropriate background information to all qualified bidders, and request that they submit proposals as follows:

3.1 Affirm understanding of the project purpose and its importance to GOB objectives.

3.2 Comment on the adequacy of the EOPS statement, proposing any modifications deemed appropriate.

3.3 Comment on and modify the outputs and output targets as required to present the contractor's best technical judgement as to (1) the minimum set of outputs that will be necessary and sufficient to achieve the purpose, and (2) the recommended set of outputs (which may exceed the minimum to increase probability of success).

3.4 Identify assumptions, factors outside contractor control, upon which feasibility of the "if the outputs then purpose" hypothesis depends.

3.5 Define the inputs the contractor feels are necessary to produce the recommended set of outputs. (Specific activities to be undertaken and specific resources to be consumed.) Specify these activities in sufficient detail to convince the GOB that the contractor's approach will result in producing the desired output.

3.6 Specify the individuals who will perform contractor tasks, their responsibilities and when and where they will work on the project.

3.7 Summarize contractor's approach in a revised logical framework, an estimate of costs, and an identification of high-risk assumptions.

3.8 Affirm willingness to produce the noted outputs within the time and cost constraints, and judgment that this will result in the desired purpose. (Contractor may propose positive or negative cost incentives.)

3.9 Contractor should specify when, after contract award, he would have a detailed work plan submitted for GOB approval and the cost limitations he will accept prior to submission of that plan.

4.0 Select and brief review committee and establish contractor selection criteria and proposal evaluation procedure.

5.0 As of closing date for receipt of sealed proposals from contractors, distribute for review.

6.0 Select contractor or contractors with whom to negotiate.

7.0 Negotiate with one or more contractors to establish mutually agreed-upon Logical Framework, price, date of submission for detailed work plan, cost ceiling prior to GOB approval of workplan, and general content of workplan.

8.0 Work plan (typically forwarded within 90 days after award of contract) should:

8.1 Finalize contractor's technical judgment as to the outputs that will be necessary and sufficient to achieve purpose;

8.2 Affirm contractor's ability to produce these outputs within the time and cost constraints;

8.3 Note specific tasks, schedules, and individuals comprising project inputs.

8.4 Identify key assumptions upon which achieving purpose depends, and actions contractor would routinely take if such assumptions fail to come true.

8.5 Identify specific data, means of gathering the data, and reporting mechanisms that will provide GOB with quarterly reports independently tracking:

(1) Input consumption; (2) Output production;

(3) Movement toward EOPS; (4) Status of key assumptions.

EXHIBIT D

RE-EXPRESSING THE LOGICAL FRAMEWORK CONCEPTS FOR TOP MANAGEMENT REVIEW: WORK BREAKDOWN STRUCTURE PLUS THE DEVELOPMENT HYPOTHESES

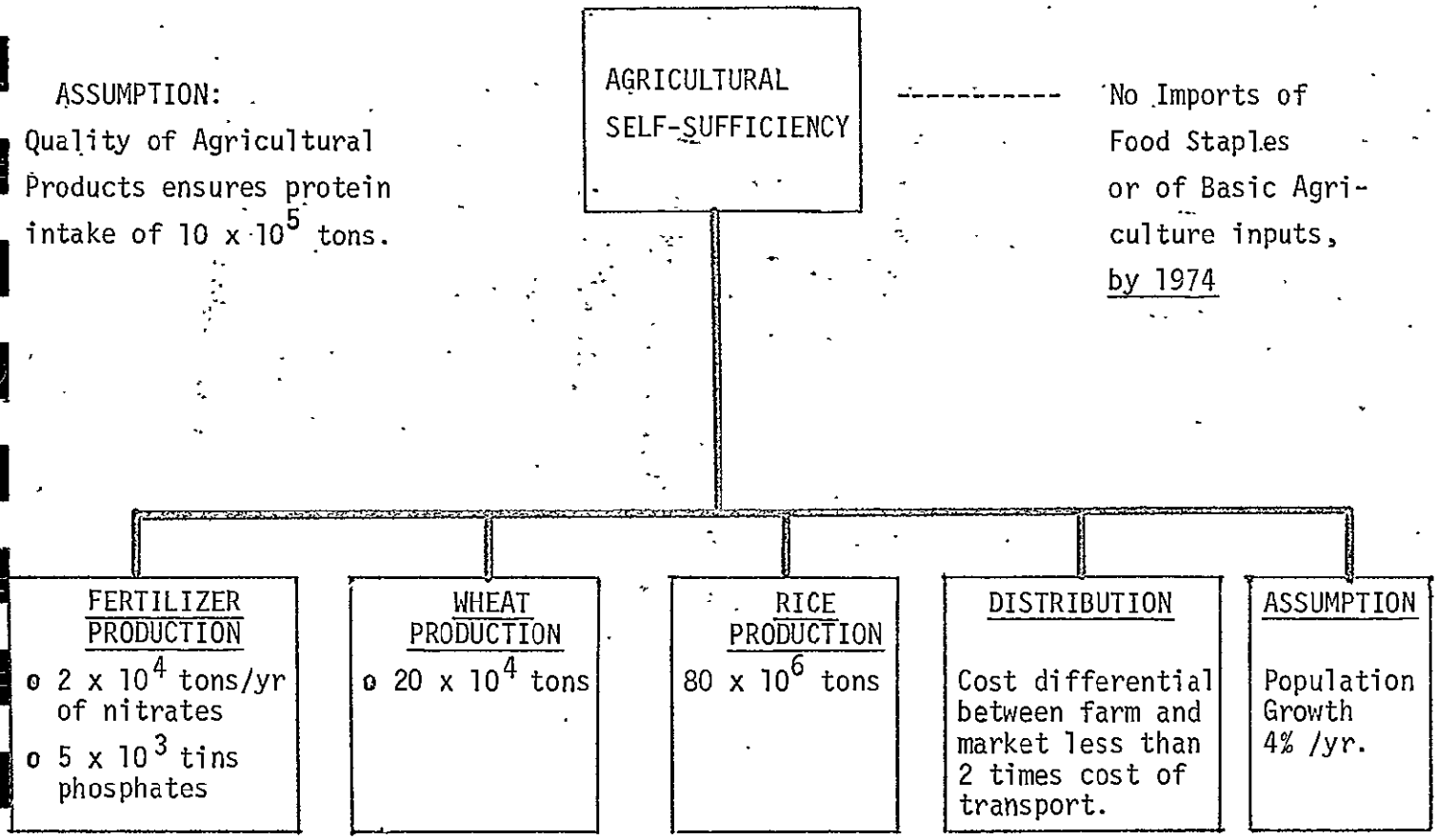
- Three key concepts from AID's evaluation system:

  (1) "EOGS" (goal level targets)

  (2) Necessity and sufficiency of each level (including assumptions) to achieve the next

  (3) The development hypotheses to ensure objective evaluation.

- Plus the conventional "Work Breakdown" Structure.


ASSUMPTION:
Quality of Agricultural Products ensures protein intake of 10 x 10^5 tons.
AGRICULTURAL SELF-SUFFICIENCY
No Imports of Food Staples or of Basic Agriculture inputs, by 1974
FERTILIZER PRODUCTION
o 2 x 10^4 tons/yr of nitrates
o 5 x 10^3 tins phosphates
WHEAT PRODUCTION
o 20 x 10^4 tons
RICE PRODUCTION
80 x 10^6 tons
DISTRIBUTION
Cost differential between farm and market less than 2 times cost of transport.
ASSUMPTION
Population Growth 4% /yr.

Note: Figures and Program components are at best suggestive. Any resemblance to any AID Program, living or dead, is purely coincidental.

Top Management oriented program display that is compatible with but more graphic than the logical framework. (This does not preclude need for means of verification, but allows this to be dealt with at lower management levels.)

EXHIBIT E

TO: Mr. William L. Rodgers, Chief, ARDO

FROM: Richard E. Schmidt, Practical Concepts Incorporated

DATE: November 23, 1971

SUBJECT: Adaptation of Logical Framework to Agricultural Marketing Loan

The PCI effort in Brasilia was directed towards establishing the validity of the Logical Framework as a useful approach to design of a project involving both capital construction and T.A. Its specific purpose was "To provide a basis for continued improvements in planning and management within the GOB Ministry of Agriculture". The attached document summarizes the intent and desired outputs.

I will attempt to summarize the specific accomplishments during the last two weeks.

Purpose Level

1. The GOB (COBAL) has agreed with the two immediate steps identified during the study:

   - program management organization and staffing; and

   - program definition team (probably USDA) to finalize program plans and draft T.A. proposal requests;

2. This project did not reach the Minister of Agriculture. The President of COBAL has endorsed the approach. After completion of one more project (Agriculture Research Loan) it is agreed that the Minister will be involved;

3. PCI assessment is that ARDO, Capital Projects and Program Office believe the project has made an important contribution, especially within GOB. USAID willingness to continue the effort and extend it to other projects is a positive indicator. Independent USAID assessment of this point would be necessary.

Output Level

1. 2. The following logical frameworks have been prepared:

   - Overall program - terminal condition
   - Market construction - terminal and interim
   - Market administration - terminal
   - Market news - terminal and interim
   - Produce classification - terminal and first year
   - Program definition study - terminal

3. A tentative guide to using the logical framework for T.A. contracting has been prepared and accepted by COBAL. It will be tested after the program definition team completes its work.

4. Four members of COBAL, including Drs. Chaves and Nunes were trained and are positively inclined towards use of the logical framework. COBAL staff have independently applied the approach to another COBAL project. Dr. Rubens Albuquerque was oriented by Drs. Chaves, Nunes and Mr. Rodgers. In addition, key staff of ARDO and Capital Projects were trained in this approach.

5. Recommendations for extension have been provided and include the following short term objectives:

   - completion and validation of logical frameworks and application to T.A. contracts;
   - short-term assistance be provided to COBAL to refine program management and evaluation;
   - extension of logical framework approach to agricultural research;
   - extension within USAID of logical framework approach to other key USAID projects, as determined by USAID.

6. The approach has not been extended at this point beyond COBAL.

An important assumption in this effort was that the logical framework is an approach that could be applied usefully to loan projects. Two

key factors were involved in testing the validity of this assumption. The first factor involves the differentiation of loan from grant projects and in what manner this difference would affect the application of logical frameworks. The fact that, in this particular project, the host government is identified strongly with the success of the project has made them vitally interested in adopting improved planning and evaluation. They have exhibited a high level of interest in the approach. This interest could be either a function of the strong organization (COBAL) or the fact that significant GOB money is involved. In either case, we have seen no sign that the application of logical framework is inhibited by the loan (as opposed to grant) and may have facilitated its acceptance within GOB.

The second factor to be taken into account is the relative applicability of the logical framework to a Capital Project, involving both construction and T.A. The concentration of the logical framework upon positive signs of achievement tends, we think, to shift the emphasis slightly away from viewing success in terms of physical construction. We do not wish to imply that capital projects are viewed only in terms of "bricks and mortar".

This application, rather, seems to demonstrate that the logical framework can serve as a useful device for integrating and summarizing all project components connected with a capital project and, further, can provide an effective baseline for subsequent evaluation of the project. The capital projects staff viewed the approach as being useful to the GOB and, thereby, to USAID. The focus upon utility to GOB is consistent with the overall USAID management approach taken in loans.

One of AID/W's objectives in this project was to determine the applicability of this approach in other USAID Missions. To this end, it would be useful if USAID/Brasilia would provide to AID/W an independent assessment of this approach. Further, the regional evaluation conferences would benefit by participation of ARDO in this area.

ATTACHMENT

PROPOSED "LOGICAL FRAMEWORK" FOR PCI EFFORT IN BRASIL

PURPOSE

To provide a basis for continued improvements in planning and management within the GOB Ministry of Agriculture.

End-of-project Status

1. GOB takes actions consistent with plans developed as outputs.
2. Minister of Agriculture endorses continuation of comparable planning efforts for other projects.
3. USAID sees important value in completed efforts.

Key Assumptions

1. (Subject to test as AID/W agenda):

   "Logical Framework" is adaptable to loan projects.

OUTPUTS

1. Logical framework expressing terminal (success) conditions summarizes marketing loan project to satisfaction of COBAL and USAID.

2. Logical frameworks express yearly targets over course of loan.

3. Logical framework approach used to draft contracts for TA portions of project.

4. Cadre of COBAL staff familiar with and receptive to logical framework approach.

5. Recommendations to GOB and USAID for continued improvement (e.g., extending approach to Agr. Research Loan).

6. Ministry of Agriculture sees value in planning approach and recommendations.

OUTPUT TARGETS

1. } GOB, USAID, and IDB agree that logical frameworks accurately
2. } summarize the project and provide a good basis for managing, monitoring, and evaluating the effort.

3. GOB finds drafts capture intent; USAID agrees that there is a sound, to-the-point, basis for contracting.

4. All key individuals identified by ARDO.

5. } USAID positively assesses value and practicality; there is a
6. } clear plan for next steps.